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SUBJECT: AUSTRIAN GOVERNMENT WILL NOT BUY BACK KLIMT
PAINTINGS

REF: VIENNA 136

¶1. (U) Austrian Education Minister Elisabeth Gehrler has announced that the Austrian government will not buy back any of the five Gustav Klimt paintings that an arbitration panel decided to retribute to heirs of the original owner. Gehrler made the announcement after the government's cabinet meeting on February 2. According to Gehrler, the Austrian government's right of first refusal, which an agreement between the government and the heirs stipulated, expired on February 2. Chancellor Wolfgang Schuessel stressed that the government had found it impossible to budget the 300 million U.S. dollars necessary for the purchase.

¶2. (U) Gehrler explained that the government could only have bought any of the paintings with the help of private sponsors. However, she said, Randal Schoenberg, the lawyer for the most prominent heir, Los Angeles resident Maria Altmann, had told her the heirs were only willing to sell the paintings directly to the Austrian government.

¶3. (U) The Austrian media quotes Schoenberg as "respecting" and "understanding" Gehrler's decision. The media reported Schoenberg as noting that some other Austrian bidders had already contacted him, but stressing that the heirs are considering "all options" for the sale of the paintings.

¶4. (SBU) Gehrler has come in for harsh criticism from the opposition for her handling of the Klimt affair. However, her ministry had said at the time of the arbitration panel's announcement that the likely price of just the most prominent of the paintings exceeded its annual cultural budget. The Klimt paintings mean a lot to a good many Austrians, and their disposition will have wide resonance.
McCaw